January 2012 Newsletter

What is "Cloud Computing" and Should I Be There?

Cloud computing is actually a spectrum covering a wide range of services, and is a term often misunderstood and misused. Cloud computing is defined as any Internet based service where your data or application is hosted offsite. Someone else's servers are holding your data and/or applications for you and you access them through the Internet. Online backup services are a simple example of cloud computing, and one that we highly recommend (more on that later). On the other end of the spectrum, you can pay a cloud based hosting service (formally called ASP's) to house your data, your accounting and office applications, your email, etc. Your users access these applications via the Internet, and once logged in it looks just like it was running locally. There are pros and cons of cloud computing, and they should be looked at carefully before making any decisions:

Advantages of cloud computing:

- Lower initial investment. You do not have to buy servers, tape drives, etc. which can result in significantly lower capital investment. Of course if you already have this equipment then this is less significant.
- Updates and security risks are managed by someone else on a regular basis.
- Backups are managed for you as well.
- Potentially high uptime (in theory, but also see disadvantages below). The servers at a reputable hosting service are redundant and managed, with much less downtime for installing updates, doing repairs, etc.
- Quick startup time
- Server space/speed can be upgraded on demand but you pay for the added capacity, of course)
- TRAVERSE v11 is very well suited for cloud hosting.

Disadvantages of cloud computing:

- Monthly recurring costs. Although much lower initial capital investment is required, you will pay significant monthly fees ongoing for as long as you use the service.
- Quotes are often "lowballed" - it is no uncommon for initial quotes to be for less capacity and storage then you will actually need once up and running. Expect actual monthly costs to be about 30-50% higher than initially quoted.
- Downtime due to Internet outages or problems. Although the servers themselves may have very high uptime, Internet reliability has to be factored in. Any outage or problems with Internet access *anywhere* between you and the server farm (where they host your applications) will result in no access. In our region of the world, Internet reliability varies greatly by location. Some of you may have excellent reliability, some have frequent outages.
- Data security and trust. Although cloud hosting services typically have extremely high security standards, you are still trusting someone else to keep your confidential data safe, and to keep it protected from people outside of your company. This is a significant trust level and some people are not comfortable with that. This is a personal and case by case judgment decision that only you can make.
- Internet bandwidth (the size of your Internet "pipe") is a huge factor in performance of cloud based computing. You may find that you need to upgrade your bandwidth, and need to factor in the extra monthly costs associated with that.
- You still need to maintain a capital investment in PC and network hardware. However, PC's (or thin clients) can typically be used longer due to less demand for memory and performance on the PC.
- Integration with other applications can be more complex or not even possible in some cases.
- TRAVERSE v10.5 can be cloud service hosted but is more complex in initial setup. (TRAVERSE v11 is much better suited for hosted service)

The bottom line: advantages and disadvantages need to be looked at from *your* circumstances and perspective. But don't forget that it is a *spectrum,* and everyone can benefit from some form of cloud computing. If you want to explore this further, but are not ready to take a bigger leap, start with an online backup service, or perhaps online email hosting. Both can be good first steps, and have low risk. See the Mozy Pro online backup solution later in this newsletter for more information on that option. Hosted email can also make sense for many, but not for all companies. There is no "one size fits all" solution, call and discuss your specific needs with us.

Other options exist – for example at a very reasonable cost we can create a virtual office environment for you. Employees working from home, other offices, or hotels, can have full and secure access to your applications, your data, documents, their email, etc. (without the need of trusting your data with a hosting company). In effect we create a Private Cloud where you host and your employees remotely access. Many of our clients are already utilizing these virtual office technologies with great success and improved productivity.

Year End Reports

Many of the reports that you need to print for your CPA or auditor can be run after you have completed the year. Certain reports you may want to just run and file away to reference back to at a later time.

- **Accounts Payable**: The difference between the Open Invoice Report and the Aged Trial Balance is that the Open Invoice Report is a report of those unpaid invoices in the Open Invoice File (Hold/Release) as of the DATE you are running them. The Aged Trial Balance particularly when you do not purge paid invoices can go back to any period in time as long as the invoices are still in the Open Invoice File. When printed on the Aged Trial Balance the subsequently paid invoices have a status of Z. It is always recommended you run the Aged Trial Balance by PERIOD when comparing to the General Ledger. So if you run the Open Invoice Report at Year End and don't ever add any more invoices to that period your printed copy will match the General Ledger. If you do post back to last year then the Open Invoice Report is not one you can use to reconcile to the General Ledger. History reports (detail, summary, and payments) can be run for as far back as you have history for.
- **Accounts Receivable:** The difference between the Open Invoice Report and the Aged Trail Balance is basically the same as in Accounts Payable. When running the Open Invoice Report you can tell the report to exclude paid invoices and you will only see those unpaid. Again, if you do not purge paid invoices you can always go back to any period and run the Aged Trial Balance by Period and match the totals back to the period in the Accounts Receivable General Leger account. History reports (detail and summary) can be run as far back as you have history for.
- **Payroll**: Now that both TRAVERSE and OSAS keep all the Payroll years you can always go back into that Payroll Year and run any necessary reports, reprint any W2's or work in Manual Checks to add any Fringe Benefits that are necessary to add after the year has closed. Employee Check history can be run for as far back as you have payroll years and can be run out of the most current year.
- **Bank Reconciliation**: Once you have your Bank Accounts Reconciled you always want to either print a copy of the Bank Reconciliation or send it to a file for future reference, because once you complete the Bank Reconciliation for a particular period the data is purged out and you can not go back and re-run it.
- **General Ledger**: With separate years you can always switch back to any year you have and run any reports such as financial statements, cash flows, activities, and journals. In TRAVERSE you can even make entries to past years but always remember to update the current year to bring those balances forward. OSAS users can run reports in all years but only enter data in current and last year. Only the last year can be updated to the current year.
- **Inventory:** In OSAS the valuation report is only as of the day you run the report. It is all inventory on hand at the time. Once you update your perpetual inventory you want to print this and keep on file. TRAVERSE users can back date and run valuations.

Accuwage 2011 is Available

This FREE software is now available from the Social Security Administration.

This software allows you to test your W2 Magnetic Media submissions for the year 2011 for any errors before you submit the information to the Social Security Administration and your State submissions if your state accepts the Federal standards for W2 submissions to the state.

To download the 2011 Accuprint Software go to:**www.ssa.gov/employer/accuwage**

Testing your submissions before submitting the will allow you to make corrections to the fields that have generated errors, especially formatting of employee names.

Cleaning up Receivables

Year End is a good time to get those invoices that just have pennies left on them, or invoices with corresponding credit memos or payments that net to zero but are still listed separately on the Open Invoice or Aged Trial Balance Report.

For invoices that have pennies left that you want to get rid of set up a Method of Payment that is a Write Off and select the General Ledger account number that you want to write this off to. Use this Method of payment in Cash Receipts to clear these.

For totals that net to zero but are listed as invoices, credit memos, and payments you have two choices to correct. You can go into Hold/Release and Split/Reapply the credit memo or payment back to the original invoice, or, you can user Cash Receipts to do a negative cash receipt to the payment or credit memo and a positive cash receipt to the original invoice. These positives and negatives will net to zero but will allow these invoices to now be purged.

For sales tax left hanging out you need to issue a credit memo that is taxable and then an invoice that is non taxable.

Not Your Fiscal Year End?   3

If this is not your fiscal year end there is nothing you need to worry about as far as your General Ledger goes.

Payroll and 1099 processing always run on a calendar year and not a fiscal year so you will have to perform year end maintenance in your Payroll application.

If you are current on CES you will be receiving a year end update CD that will apply the 2012 Federal and State Withholding Tax table changes as well as any W2 paper or mag media changes. It will also contain any 1099 updates to mag media or paper and finally any depreciation or amortization changes for Fixed Assets.

If you are not current on CES you can manually update your Payroll Tax tables by using the Circular E put out by the federal government or publications put out by your state.

OSAS users will also need to perform Periodic Processing in Purchase Order or Accounts Payable after the last check of the year is written so that you can move the Vendor 1099 amounts to last year. When you process 1099's in January you then select the LAST YEAR. Traverse users simply select the actual year for 1099's to process.

Postings To The Wrong Year

No matter how careful you are, there is so much going on at year end that sometimes you do find yourself posting or calculating in the wrong year. Here are some ways to correct postings that have gone to a wrong year:

- **Accounts Payable Checks:** Use the Void Checks Function found in Pay Invoices to void these checks back to the wrong year that you posted them to. Then go into Hold/Release and Pre-Pay these invoices with the check numbers that you originally paid them with and assign the correct day, month and year to them. Process now to the correct year.
- **Accounts Payable Transaction:** To completely reverse invoices posted to the wrong year you should issue Miscellaneous Debits to each one in the incorrect year. Post these. Now enter the proper year and process these as invoices again. You can take the short cut of just adjusting your general ledger but this does NOT make any adjustments to your Transaction History in Accounts Payable, now will it correct any inventory that may have been purchased.
- **General Ledger Transactions:** If you have already written these transactions but not posted to the master you can enter edit transactions in the wrong year and zero out the amounts or you can just make reversing entries in the wrong year. Then switch years and re-enter into the correct year.
- **Inventory:** Because of valuation reports and physical inventories any wrong year entries you make should be reversed out of the wrong year and entered into the correct year.
- **Bank Reconciliation:** Reverse as a negative in wrong year, then re-enter into correct year.

STOP AND DOUBLE CHECK

As you switch back and forth between 2011 and 2012 in your General Ledger and Payroll
ALWAYS DOUBLE CHECK that you are in the proper year.

New Bank Accounts

Often with a New Year new bank accounts are set up. To set up these new bank accounts you need to do a few things:

First set up the General Ledger Account number for this new bank account. (Make sure it is included in your Balance Sheet Content File).

Next actually set up the new Bank Account and assign to it the new General Ledger Account number you just set up.

If this is to be your DEFAULT Bank Account set this Bank to be the default.

If you will not be using the old bank account for deposits any longer go into Accounts Receivable and call up each method of payment that referenced the old bank and enter the new bank account. This will save you the time of setting up a new method of payment and having to insert it into each customer.

In Accounts Payable you may need to change the Bank Account (or Method of Payment for OSAS) to reflect the new bank account. In Traverse if you have a bank account set up in the vendor set up and maintenance you will need to change this bank ac-

TRAVERSE v11 Enhancements – 81 [4] and Counting

Attention, TRAVERSE version 11 users! In addition to program fixes, Open Systems has released 81 new enhancements through the TRAVERSE version 11 update processes. In the past months, we have delivered new features including the ability to create prenotification files in Payroll and a new Business Rule you can set to enable or disable the message provided if customers exceed their credit limit.

The TRAVERSE version 11 framework and update process enable us to deliver enhancements to you without cumbersome installation processes, and we are committed to delivering fixes and enhancements as soon as they are ready for use. This continuous enhancement delivery process adds tremendous value for our customers who stay current on their software maintenance plans.

TRAVERSE v11 Tip: Locate Logs with the Activity Function

You can use the Activity function on the System Audit menu of System Manager to find any post log generated within the TRAVERSE system. Many functions within the TRAVERSE system generate post logs, and you can print them or preview any of them as a .PDF format file.

New *Online Backup* solution available: MozyPro Online Backup for Business

Affordable, easy-to-use backup for multi-user and server environments, backed by BusinessWare Consulting

Online backup made simple
As a business professional, you know the importance of keeping your company data, financial records, and administrative materials safe. You don't have time for backup solutions that take months to set up, require thousands of dollars in hardware costs, and force you to hire someone to oversee it all.

Mozy, the trusted leader in online backup, saves you time and money with simple, secure, and affordable backup solutions for computers and servers. You can be up and running in no time, as Mozy gives you the flexibility to deploy and manage multi-user environments from the convenience of a single administrative console.

The MozyPro advantage
Simple: Manage multi-user and server environments from the convenience of a web-based administrative console.
Secure: Mozy employs the highest security and encryption standards and stores your data in world-class data centers.
Affordable: Secure backup solutions start at less than $10 per month, with no hardware to purchase, and little management required.
Automatic or scheduled backups: Tell MozyPro when to perform your backups. Scheduled backups can be performed daily or weekly at a specified time of day. TRAVERSE SQL databases can be backed up as well.
Multiple restore options: Users and administrators can restore data via the Mozy software client, through the web, or by ordering a DVD restore. Windows users can also restore data via right-click or through the Mozy Virtual Drive.
Local backup option with Mozy 2xProtect™: Windows users can now back up locally to an external device as well as online to Mozy data centers for double protection.

BusinessWare can install, configure, monitor, and manage this backup solution for you. Several options are available, from fully managed to do it yourself. Contact us for more information and for pricing.